

## Exhibit 300: Capital Asset Summary

### Part I: Summary Information And Justification (All Capital Assets)

#### Section A: Overview & Summary Information

**Date Investment First Submitted:** 2010-09-17  
**Date of Last Change to Activities:** 2012-08-31  
**Investment Auto Submission Date:** 2012-02-27  
**Date of Last Investment Detail Update:** 2012-02-27  
**Date of Last Exhibit 300A Update:** 2012-08-31  
**Date of Last Revision:** 2012-08-31

**Agency:** 015 - Department of the Treasury      **Bureau:** 45 - Internal Revenue Service

**Investment Part Code:** 01

**Investment Category:** 00 - Agency Investments

**1. Name of this Investment:** Information Reporting and Document Matching (IRDM)

**2. Unique Investment Identifier (Ull):** 015-000000055

#### Section B: Investment Detail

- 1. Provide a brief summary of the investment, including a brief description of the related benefit to the mission delivery and management support areas, and the primary beneficiary(ies) of the investment. Include an explanation of any dependencies between this investment and other investments.**

Information Reporting and Document Matching (IRDM) is a program to improve business taxpayer compliance by automatically matching the tax return filings to third-party information returns. The goals of IRDM are to increase voluntary compliance and accurate reporting of income by establishing a new business tax return and information returns focusing on merchant card payments, securities basis reporting, and government payments and withholding. IRDM supports IRS Business utilizing information systems that sort, match, identify, manage, and report on returns that are likely sources of Tax Gap-reducing revenue. Closing the Tax Gap through IRDM increases Federal Government revenues and benefits the vast majority of taxpayers who voluntarily file accurate returns. To accomplish this, the IRS requires operational resources and systems be put in place to implement Business and technology changes that will expand and improve automated matching of data on information returns to the data submitted on tax returns filed. This automation will improve the use of third-party data to increase compliance, provide improved access to information to enhance the quality of customer services, accelerate issue identification and resolution, and increase the productivity and quality of tax administration. IRDM has many dependent relationships. IRDM is a system that interacts with systems across the IRS, including data submission systems, databases, data transport functionality, and data processing systems. IRDM relies heavily on submission processing systems, corporate data systems, and newly implemented

infrastructure to identify potential under-reporters and non-filers. IRDM is primarily a case management system that depends on data from submissions systems and additional data sources known as Master File. IRDM will utilize corporate data master file data such as Information Return Master File (IRMF) and Business Master File (BMF) extracted and stored in the Integrated Production Model (IPM). IRDM consists of new functionality developed to assimilate, correlate, select, and manage potential cases. In addition, data are supplied during the management process to as many as 19 external systems to resolve cases and provide the disposition of a case to other systems within the IRS. IRDM is a component of the overall Tax Gap Initiative. The effectiveness of other efforts, as well as funding for compliance personnel will impact how much and how quickly the Tax Gap is decreased.

**2. How does this investment close in part or in whole any identified performance gap in support of the mission delivery and management support areas? Include an assessment of the program impact if this investment isn't fully funded.**

The IRDM program aims to close the Tax Gap--the amount of tax not collected on unreported or underreported U.S business income taxpayers. IRDM correlates directly to the IRS 2009 Strategic Plan goals (ref. IRDM Strategic Road Map Brief, supporting the goals to enforce the law to ensure everyone meets their obligation to pay taxes, invest for high performance, and improve service to make voluntary compliance easier), supporting the goals to enforce the law to ensure everyone meets their obligation to pay taxes, invest for high performance, and improve service to make voluntary compliance easier. The IRS collects 96% of the governments total receipts-about \$2.7 trillion in FY 2008. Eighty-four percent of this revenue comes from taxpayers who voluntarily report and pay taxes. Despite the voluntary compliance rate and vigorous enforcement, 16% of all taxes remain uncollected. In 2005, the IRS estimated the gross tax gap to be \$345 billion, with the net tax gap being \$290 billion, after accounting for enforcement actions. In 2008, Congress enacted a number of provisions to enhance tax filing accuracy by recognizing the importance of compliance with the Internal Revenue Code for revenue collections. The legislation requires new information reporting to the IRS from taxpayers for three issues contributing to the Federal tax gap, including business reporting tax obligations resulting from payments made to the business by credit/debit card, stock sales, and state and local government entity tax withholdings. If the program is not fully funded, the Federal Government may not realize the benefit of decreasing the tax gap efficiently, nor expeditiously. Full funding is required to ensure congressional mandates are met and businesses comply with required tax obligations. In addition, the lack of full funding will place a greater burden on the taxpayer by increased reporting requirements and result in decreased customer service. Decreased funding for the program will reduce the ability to select more productive cases in the future to further decrease the tax gap more through advanced data analysis and analytics, which provides feedback to improve case selection rules.

**3. Provide a list of this investment's accomplishments in the prior year (PY), including projects or useful components/project segments completed, new functionality added, or operational efficiency achieved.**

The investment's accomplishments: The Program began design and development of each component of the matching and management system, including IRDM Data Assimilation (IRDMDA), Data Correlation (IRDMDC), Case Selection and Analytics (IRDMCISA), and Case Management (IRDMCM), laying the framework for advanced techniques to yield more

productive cases improving customer service and increase compliance for individual and business taxpayers. During 2011, IRDM continued development of IRDM components, including IRDM Data Assimilation, Data Correlation, Case Inventory Selection & Analytics, and Case Management. As well, the groundwork for advanced data analysis for improved case selection for delivery in FY2013 (logical and physical data models were produced). In addition, much of the development, test, production and disaster recovery hardware and commercial-off-the-shelf (COTS) software was procured, installed and configured to support delivery of the Program in 2012.

**4. Provide a list of planned accomplishments for current year (CY) and budget year (BY).**

In 2012, Data Assimilation, Data Correlation, Case Selection and Case Management will be placed in production environments and ready for use, Release 1 in 2012, merchant card cases will be created for 1040, 1120 calendar year (CY) returns, and 1120S/1065 CY returns at the entity level for TY2011 data. Security basis cases will be created for 1040 for TY 2011 data and Information Return (IR) data will be accumulated for all information returns, including the new IRDM 1099-K. This IR data in the form of Monies Summary and Aggregated Information Return (AIR) file will be available and can be used in associating information with any non-filer cases that have been identified in other programs. The IR information will be stored for use in processing fiscal year (FY) filers after two years of data has been accumulated. During both calendar year and budget year 2012, the requirements for the integration of CAWR into IRDM for matching and identifying potential cases using 94x tax returns and W2 and aggregated W3 information returns will be created and development begun for delivery in 2013. Automated flow-through treatment and matching and treatment of fiscal year filers will begin in the CY. In FY2013, process TY2012 data using release 1 and 2 functionality. Expand and enhance document matching capability associated with the following forms and cases: 1120, 1120S, 1065, 94X and Merchant Card 1099K. Correlate and process multi-year (TY2011/2012) data. Provide new summary data.

**5. Provide the date of the Charter establishing the required Integrated Program Team (IPT) for this investment. An IPT must always include, but is not limited to: a qualified fully-dedicated IT program manager, a contract specialist, an information technology specialist, a security specialist and a business process owner before OMB will approve this program investment budget. IT Program Manager, Business Process Owner and Contract Specialist must be Government Employees.**

2010-08-19

## Section C: Summary of Funding (Budget Authority for Capital Assets)

1.

Table I.C.1 Summary of Funding

	PY-1 & Prior	PY 2011	CY 2012	BY 2013
Planning Costs:	\$11.6			\$3.9
DME (Excluding Planning) Costs:	\$7.3	\$7.4	\$6.6	\$5.8
DME (Including Planning) Govt. FTEs:	\$5.1	\$8.2	\$8.5	\$4.4
Sub-Total DME (Including Govt. FTE):	\$24.0	\$15.6	\$15.1	\$14.1
O & M Costs:	\$0.0	\$0.0	\$0.0	\$1.6
O & M Govt. FTEs:	\$0.0	\$0.0	\$1.3	\$4.8
Sub-Total O & M Costs (Including Govt. FTE):	0	0	\$1.3	\$6.4
Total Cost (Including Govt. FTE):	\$24.0	\$15.6	\$16.4	\$20.5
Total Govt. FTE costs:	\$5.1	\$8.2	\$9.8	\$9.2
# of FTE rep by costs:	43	87	87	87
Total change from prior year final President's Budget (\$)		\$0.0	\$0.0	
Total change from prior year final President's Budget (%)		0.00%	0.00%	

2. If the funding levels have changed from the FY 2012 President's Budget request for PY or CY, briefly explain those changes:

## Section D: Acquisition/Contract Strategy (All Capital Assets)

Table I.D.1 Contracts and Acquisition Strategy

Contract Type	EVM Required	Contracting Agency ID	Procurement Instrument Identifier (PIID)	Indefinite Delivery Vehicle (IDV) Reference ID	IDV Agency ID	Solicitation ID	Ultimate Contract Value (\$M)	Type	PBSA ?	Effective Date	Actual or Expected End Date
Awarded	4443	TIRNO08Z0002 50008									

**2. If earned value is not required or will not be a contract requirement for any of the contracts or task orders above, explain why:**

Earned value is being performed on the program as a whole. Contractor effort constitutes a minority of the labor and is used as staff augmentation and program office support. Contractors are required to provide EVM supporting information, but not formal EVM reports. (Deloitte and MITRE)

## Exhibit 300B: Performance Measurement Report

### Section A: General Information

**Date of Last Change to Activities:** 2012-08-31

### Section B: Project Execution Data

**Table II.B.1 Projects**

Project ID	Project Name	Project Description	Project Start Date	Project Completion Date	Project Lifecycle Cost (\$M)
2470	DC	Data Correlation: Match tax return and information return data needed to support compliance programs around merchant card payments, stock basis reporting, and certain government payments.			
2459	CM	Case Management: Case management of selected business taxpayer cases with similar functionality fielded for individual taxpayer cases.			
2457	DA	Data Assimilation extracts data from master file to aggregate the data for entry into IPM, which includes IRMF data, IRPCA data, BMF data, and BRTF data.			
2458	CISA	Case Inventory Selection and Analytics: Improve IMF and create BMF case selection for individual and business taxpayers. Provide analytics to improve rules for selection, metrics, and case profiles.			

Table II.B.1 Projects

Project ID	Project Name	Project Description	Project Start Date	Project Completion Date	Project Lifecycle Cost (\$M)
9999	IRDM Hardware Software Procurement	Purchase of components of advanced analytics, COTS software and procurement of servers.			
2482	BMFA	Business Master File Analytics Selection: Create BMF case selection for business taxpayers. Provide analytics to improve rules for selection, metrics, and case profiles.			

Activity Summary

Roll-up of Information Provided in Lowest Level Child Activities

Project ID	Name	Total Cost of Project Activities (\$M)	End Point Schedule Variance (in days)	End Point Schedule Variance (%)	Cost Variance (\$M )	Cost Variance (%)	Total Planned Cost (\$M)	Count of Activities
2470	DC							
2459	CM							
2457	DA							
2458	CISA							
9999	IRDM Hardware Software Procurement							
2482	BMFA							

Key Deliverables

Project Name	Activity Name	Description	Planned Completion Date	Projected Completion Date	Actual Completion Date	Duration (in days)	Schedule Variance (in days )	Schedule Variance (%)
2457	R1 FY12 Development (MS 4b)	Data Assimilation will aggregate and insert data into IPM, the data consists of IRMF, IRPCA, and IRP Monies Summary as well as the creation of IRPCA reports.	2011-12-31	2011-12-31	2011-12-31	91	0	0.00%



Key Deliverables								
Project Name	Activity Name	Description	Planned Completion Date	Projected Completion Date	Actual Completion Date	Duration (in days)	Schedule Variance (in days )	Schedule Variance (%)
2482	R1 MS4b Develop Data Environment	Develop functionality to select potential underreporter cases using a devised set of selection rules for delivery to Data Correlation for case build.	2012-01-31	2012-01-31	2012-01-31	122	0	0.00%
2458	R1 UWR2 MS3/4a - ELC Exit Activities and 4B Development	The CISA Team, the Enterprise Life Cycle (ELC) Project Management Office (PMO), and PMO analysts will ensure all required documentation is prepared and submitted to Process Owners and receive appropriate signatures in order to adhere to ELC requirements to exit ELC Milestone 3/4a. Includes Reporting Repository and Feedback Development	2012-03-31	2012-03-31	2012-03-31	182	0	0.00%
2470	R1 MS 3/4b - Phase 6: Categorization	The Phase consists of the development of IRDMDC functionality intended to perform calculations, execute drop criteria and categorize potential cases into subfiles.	2012-03-31	2012-03-31	2012-03-31	182	0	0.00%
2459	MS 4b - Development	Development of case management user interface and external system interfaces to provide functionality for tax examiners to work identified potential	2012-03-31	2012-03-31	2012-03-31	182	0	0.00%

Key Deliverables								
Project Name	Activity Name	Description	Planned Completion Date	Projected Completion Date	Actual Completion Date	Duration (in days)	Schedule Variance (in days )	Schedule Variance (%)
		underreporter cases.						
2482	R1 UWR4 MS4b - Testing	The BMFA testing regimen consists of unit testing, functional integration testing (FIT), system acceptance testing (SAT), and performance/capacity testing as part of IRDM. The Development, Maintenance, and Enhancement (DME) milestone comprises these testing schemes performed by the Enterprise Systems Testing (EST) organization and involves the development staff to address test defects.	2012-04-30	2012-04-30	2012-04-30	89	0	0.00%
2459	MS 4b - Application Components	Perform final development and preparation of Oracle Forms, Oracle database and the Java framework for testing.	2012-05-31	2012-05-31	2012-05-31	60	0	0.00%
2457	R2 Preparation	The DA team will prepare for the follow-on release of IRDM in 2013 after deployment of Release 1 (R1). Preparation includes the refinement of requirements to accommodate additional data from Business Master File (BMF) Information	2012-09-30	2012-09-30		121	0	0.00%

Key Deliverables								
Project Name	Activity Name	Description	Planned Completion Date	Projected Completion Date	Actual Completion Date	Duration (in days)	Schedule Variance (in days )	Schedule Variance (%)
		Returns 1099-K and 10899-B, and 1120, 1020S, and 1065 tax returns. In addition, the DA team will prepare to enhance Release 1 functionality based on legislative changes.						
9999	HW SW Procurement	Purchase of components of advanced analytics, COTS software and procurement of servers.	2012-09-30	2012-09-30		182	0	0.00%
2457	R1 MS 4b - Testing ELC Review & Exits - MS5 Deployment	The DA testing regimen consists of unit testing, functional integration testing (FIT), system acceptance testing (SAT), and performance/capacity testing as part of IRDM. The Development, Maintenance, and Enhancement (DME) milestone comprises these testing schemes performed by the Enterprise Systems Testing (EST) organization and involves the development staff to address test defects. The DA Team, the Enterprise Life Cycle (ELC) Project Management Office (PMO), and PMO analysts will ensure all required	2012-11-30	2012-11-30		334	0	0.00%

Key Deliverables								
Project Name	Activity Name	Description	Planned Completion Date	Projected Completion Date	Actual Completion Date	Duration (in days)	Schedule Variance (in days )	Schedule Variance (%)
		documentation is prepared and submitted to Process Owners and receive appropriate signatures in order to adhere to ELC requirements to exit ELC Milestone 4b (System Development). Also includes completing MS5 ELC activities, environment stabilization for deployment.						
2470	R1 MS 3/4b - ELC Exit Activities - MS5 - Deployment	The DC Team, the Enterprise Life Cycle (ELC) Project Management Office (PMO), and PMO analysts will ensure all required documentation is prepared and submitted to Process Owners and receive appropriate signatures in order to adhere to ELC requirements to exit ELC Milestone 4b (System Development) and MS5 Deployment.	2013-01-31	2013-01-31		305	0	0.00%
2482	R1 UWR4 MS4b - ELC Exit Activities - MS5 Deployment	The BMFA Team, the Enterprise Life Cycle (ELC) Project Management Office (PMO), and PMO analysts will ensure all required documentation is prepared and submitted to Process Owners and receive	2013-02-28	2013-02-28		303	0	0.00%

Key Deliverables								
Project Name	Activity Name	Description	Planned Completion Date	Projected Completion Date	Actual Completion Date	Duration (in days)	Schedule Variance (in days )	Schedule Variance (%)
		appropriate signatures in order to adhere to ELC requirements to exit ELC Milestone 4b (System Development). Also includes completing MS5 ELC activities, environment stabilization for deployment.						
2459	MS 4b - Hub Testing and MS5 Deployment	The CM testing regimen consists of unit testing, functional integration testing (FIT), system acceptance testing (SAT), and performance/capacity testing as part of IRDM. The Development, Maintenance, and Enhancement (DME) milestone comprises these testing schemes performed by the Enterprise Systems Testing (EST) organization and involves the development staff to address test defects. Also includes completing MS5 ELC activities, environment stabilization for deployment.	2013-04-30	2013-04-30		333	0	0.00%
2458	R1 UWR2 - EST Testing and MS5 Deployment	The CISA testing regimen consists of unit testing, functional integration testing (FIT), system acceptance testing	2013-05-31	2013-05-31		425	0	0.00%

Key Deliverables								
Project Name	Activity Name	Description	Planned Completion Date	Projected Completion Date	Actual Completion Date	Duration (in days)	Schedule Variance (in days )	Schedule Variance (%)
		(SAT), and performance/capacity testing as part of IRDM. The Development, Maintenance, and Enhancement (DME) milestone comprises these testing schemes performed by the Enterprise Systems Testing (EST) organization and involves the development staff to address test defects. Also includes completing MS5 ELC activities, environment stabilization for deployment.						

Section C: Operational Data

Table II.C.1 Performance Metrics								
Metric Description	Unit of Measure	FEA Performance Measurement Category Mapping	Measurement Condition	Baseline	Target for PY	Actual for PY	Target for CY	Reporting Frequency

NONE